

# **EXHIBIT A**

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Substantively Consolidated SIPA Liquidation of  
Bernard L. Madoff Investment Securities LLC and  
Bernard L. Madoff*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION  
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT  
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (BRL)

SIPA LIQUIDATION

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the Liquidation  
of Bernard L. Madoff Investment Securities LLC,

Plaintiff,

v.

BOYER H. PALMER, individually and in his  
capacity as the former general partner of B&F  
Palmer, L.P.; FERN C. PALMER; PAMELA K.

Adv. Pro. No. 10-\_\_\_\_\_ (BRL)

MARXEN; KURT B.PALMER; and BRUCE N.  
PALMER,

Defendants.

## COMPLAINT

Irving H. Picard (the “Trustee”), as trustee for the liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.* (“SIPA”),<sup>1</sup> and the substantively consolidated estate of Bernard L. Madoff individually (“Madoff”), by and through his undersigned counsel, for his complaint (the “Complaint”) against Boyer H. Palmer, in his capacity as the former general partner of B&F Palmer L.P. (“Defendant”) and against Boyer H. Palmer, Fern C. Palmer, Pamela K. Marxen, Kurt B. Palmer and Bruce N. Palmer, each in their capacity as former limited partners of B&F Palmer L.P., (collectively, “Subsequent Transferee Defendants”), states as follows:

### NATURE OF PROCEEDING

1. This adversary proceeding arises from the massive Ponzi scheme perpetrated by Madoff. Over the course of the scheme, there were more than 8,000 client accounts at BLMIS. In early December 2008, BLMIS generated client account statements for its approximately 4,900 open client accounts. When added together, these statements purport that clients of BLMIS had approximately \$65 billion invested with BLMIS. In reality, BLMIS had assets on hand worth a small fraction of that amount. On March 12, 2009, Madoff admitted to the fraudulent scheme and pled guilty to 11 felony counts, and was sentenced on June 29, 2009 to 150 years in prison. The within Defendant received avoidable transfer(s) from BLMIS.

2. Defendant and Subsequent Transferee Defendants were beneficiaries of this Ponzi scheme. Since December 11, 2002, Defendant received the amount of \$2,202,000 from BLMIS.

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<sup>1</sup> For convenience, future reference to SIPA will not include “15 U.S.C.”

The Trustee's investigation has revealed that all of this amount represented fictitious profits from the Ponzi scheme. Accordingly, Defendant has received \$2,202,000 of other people's money. Upon information and belief, Subsequent Transferee Defendants received subsequent transfers of the avoidable transfers referenced above. To the extent the funds transferred from BLMIS were for the benefit of the Subsequent Transferee Defendants, Subsequent Transferee Defendants are the initial transferee of such transfers and are included in the definition of Defendant for purposes of the allegations herein. This action is brought to recover the fictitious profit amount so that this customer property can be equitably distributed among all of the victims of BLMIS.

3. This adversary proceeding is brought pursuant to sections 78fff(b), 78fff-1(a) and 78fff-2(c)(3) of SIPA, sections 105(a), 544, 548(a), 550(a) and 551 of title 11 of the United States Code (the "Bankruptcy Code"), the New York Fraudulent Conveyance Act (New York Debtor and Creditor Law § 270 *et seq.* (McKinney 2001) ("DCL")) and other applicable law, for avoidance of fraudulent conveyances in connection with certain transfers of property by BLMIS to or for the benefit of Defendant. The Trustee seeks to set aside such transfers and preserve and recover the property for the benefit of BLMIS' defrauded customers.

### **JURISDICTION AND VENUE**

4. This is an adversary proceeding commenced before the same Court before whom the main underlying SIPA proceeding, No. 08-01789 (BRL) (the "SIPA Proceeding"), is pending. The SIPA Proceeding was originally brought in the United States District Court for the Southern District of New York as *Securities Exchange Commission v. Bernard L. Madoff Investment Securities LLC et al.*, No. 08 CV 10791 (the "District Court Proceeding") and has been referred to this Court. This Court has jurisdiction over this adversary proceeding under 28 U.S.C. § 1334(b) and 15 U.S.C. §§ 78eee(b)(2)(A), (b)(4).

5. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (H) and (O).

6. Venue in this district is proper under 28 U.S.C. § 1409.

### **DEFENDANTS**

7. B&F Palmer L.P. held a BLMIS account in the name, “B&F Palmer LP Boyer H Palmer General Partner.”

8. Upon information and belief, Defendant/Subsequent Transferee Defendant Boyer H. Palmer is the former general partner of B&F Palmer L.P. and maintains his residence in Medina, Minnesota.

9. Upon information and belief, Subsequent Transferee Defendant Fern C. Palmer is a former limited partner of B&F Palmer L.P. and maintains her residence in Medina, Minnesota.

10. Upon information and belief, Subsequent Transferee Defendant Pamela K. Marxen is a former limited partner of B&F Palmer L.P. and maintains her residence in Corcoran, Minnesota.

11. Upon information and belief, Subsequent Transferee Defendant Kurt B. Palmer is a former limited partner of B&F Palmer L.P. and maintains his residence in Maple Grove, Minnesota.

12. Upon information and belief, Subsequent Transferee Defendant Bruce N. Palmer is a former limited partner of B&F Palmer L.P. and maintains his residence in Estero, Florida.

### **BACKGROUND, THE TRUSTEE AND STANDING**

13. On December 11, 2008 (the “Filing Date”),<sup>2</sup> Madoff was arrested by federal agents for violation of the criminal securities laws, including, *inter alia*, securities fraud, investment adviser fraud, and mail and wire fraud. Contemporaneously, the Securities and

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<sup>2</sup> Section 78III(7)(B) of SIPA states that the filing date is “the date on which an application for a protective decree is filed under 78eee(a)(3),” except where the debtor is the subject of a proceeding pending before a United States court “in which a receiver, trustee, or liquidator for such debtor has been appointed and such proceeding was commenced before the date on which such application was filed, the term ‘filing date’ means the date on which such proceeding



17. By orders dated December 23, 2008 and February 4, 2009, respectively, the Bankruptcy Court approved the Trustee's bond and found that the Trustee was a disinterested person. Accordingly, the Trustee is duly qualified to serve and act on behalf of the estate of BLMIS.

18. At a Plea Hearing on March 12, 2009 in the case captioned *United States v. Madoff*, Case No. 09-CR-213(DC), Madoff pled guilty to an eleven-count criminal information filed against him by the United States Attorneys' Office for the Southern District of New York. At the Plea Hearing, Madoff admitted that he "operated a Ponzi scheme through the investment advisory side of [BLMIS]." Plea Allocution of Bernard L. Madoff at 23, *United States v. Madoff*, No. 09-CR-213 (DC) (S.D.N.Y. March 12, 2009) (Docket No. 50). Additionally, Madoff asserted "[a]s I engaged in my fraud, I knew what I was doing [was] wrong, indeed criminal." *Id.* Madoff was sentenced on June 29, 2009 to 150 years in prison.

19. On August 11, 2009, a former BLMIS employee, Frank DiPascali, pled guilty to participating in and conspiring to perpetuate the Ponzi scheme. At a Plea Hearing on August 11, 2009 in the case entitled *United States v. DiPascali*, Case No. 09-CR-764 (RJS), DiPascali pled guilty to a ten-count criminal information. Among other things, DiPascali admitted that the fictitious scheme had begun at BLMIS since at least the 1980s. Plea Allocution of Frank DiPascali at 46, *United States v. DiPascali*, No. 09-CR-764 (RJS) (S.D.N.Y. Aug. 11, 2009) (Docket No. 11).

20. As the Trustee appointed under SIPA, the Trustee is charged with recovering and paying out customer property to BLMIS' customers, assessing claims, and liquidating any other assets of the firm for the benefit of the estate and its creditors. The Trustee is in the process of marshalling BLMIS' assets, and the liquidation of BLMIS' assets is well underway. However, such assets will not be sufficient to reimburse the customers of BLMIS for the billions of dollars

22. Pursuant to sections 78fff(b) and 78lll(7)(B) of SIPA, the Filing Date is deemed to be the date of the filing of the petition within the meaning of section 548 of the Bankruptcy Code and the date of the commencement of the case within the meaning of section 544 of the Bankruptcy Code.

- a. the Defendant received “Customer Property” as defined in 15 U.S.C. §78III(4);
- b. BLMIS incurred losses as a result of the claims set forth herein;
- c. BLMIS’ customers were injured as a result of the conduct detailed herein;
- d. SIPC has not reimbursed, and statutorily cannot fully reimburse, all customers for all of their losses;
- e. the Trustee will not be able to fully satisfy all claims;





is a member of SIPC. BLMIS had three business units: investment advisory (the “IA Business”), market making and proprietary trading.

25. For certain accounts in the IA Business, BLMIS purported to participate in a capital appreciation/depreciation strategy, depending on whether the customer sought to generate gains or losses. For example, the strategy was executed by either purporting to purchase small groups of securities near lows and then purporting to sell those same securities at highs, or by purporting to short-sell securities near highs and then purporting to repurchase those securities near lows.

26. For other accounts, Madoff described the IA Business’ strategy as a “split-strike conversion” strategy. Madoff promised these clients that their funds would be invested in a basket of common stocks within the S&P 100 Index, which is a collection of the 100 largest U.S. publicly traded companies. The basket of stocks would be intended to mimic the movement of the S&P 100 Index. Madoff asserted that he would carefully time purchases and sales to maximize value, but this meant that the clients’ funds would intermittently be out of the market, at which times they would purportedly be invested in U.S. issued securities and money market funds. The second part of the split-strike conversion strategy was the hedge of such purchases with option contracts. Madoff purported to purchase and sell S&P 100 Index option contracts that closely corresponded with the stocks in the basket, thereby controlling the downside risk of price changes in the basket of stocks.

27. Although clients of the IA Business received monthly or quarterly statements purportedly showing the securities that were held in – or had been traded through – their accounts, as well as the growth of and profit from those accounts over time, the trades reported on these statements were a complete fabrication. The security purchases and sales depicted in the account statements virtually never occurred and the profits reported were entirely fictitious.

At his Plea Hearing, Madoff admitted that he never in fact purchased any of the securities he claimed to have purchased for customer accounts. *See* Plea Allocation of Bernard L. Madoff at 3, *United States v. Madoff*, No. 09-CR-213 (DC) (S.D.N.Y. March 12, 2009) (Docket No. 50). Indeed, based on the Trustee's investigation to date and with the exception of isolated individual trades for certain clients other than Defendant, there is no record of BLMIS having cleared any purchase or sale of securities on behalf of the IA Business at the Depository Trust & Clearing Corporation, the clearing house for such transactions.

28. Prior to his arrest, Madoff assured clients and regulators that he conducted all trades on the over-the-counter market after hours. To bolster that lie, Madoff periodically wired tens of millions of dollars to BLMIS' affiliate, Madoff Securities International Ltd. ("MSIL"), a London based entity substantially owned by Madoff and his family. There are no records that MSIL ever used the wired funds to purchase securities for the accounts of the IA Business clients.

29. Additionally, based on the Trustee's investigation to date, there is no evidence that BLMIS ever purchased or sold any of the options that Madoff claimed on customer statements to have purchased and sold.

30. For all periods relevant hereto, the IA Business was operated as a Ponzi scheme and Madoff and his co-conspirators concealed the ongoing fraud in an effort to hinder, delay or defraud other current and prospective customers of BLMIS. The money received from investors was not set aside to buy securities as purported, but instead was primarily used to make the distributions to – or payments on behalf of – other investors. The money sent to BLMIS for investment, in short, was simply used to keep the scheme going and to enrich Madoff, his associates and others, including Defendant, until such time as the requests for redemptions in



BLMIS was able to stay afloat only by using the principal invested by some clients to pay other investors or their designees.

35. In an effort to hinder, delay or defraud authorities from detecting the fraud, BLMIS did not register as an Investment Advisor until September 2006.

36. In or about January 2008, BLMIS filed with the SEC a Uniform Application for Investment Adviser Registration. The application represented, *inter alia*, that BLMIS had 23 customer accounts and assets under management of approximately \$17.1 billion. In fact, in January 2008, BLMIS had approximately 4,900 active client accounts with a purported value of approximately \$65 billion under management.

37. Not only did Madoff seek to evade regulators, Madoff also had false audit reports "prepared" by Friehling & Horowitz, a three-person accounting firm in Rockland County, New York. Of the two accountants at the firm, one was semi-retired and living in Florida for many years prior to the Filing Date.

38. At all times relevant hereto, the liabilities of BLMIS were billions of dollars greater than the assets of BLMIS. At all relevant times, BLMIS was insolvent in that (i) its assets were worth less than the value of its liabilities; (ii) it could not meet its obligations as they came due; and (iii) at the time of the transfers, BLMIS was left with insufficient capital.

### **THE TRANSFERS**

39. According to BLMIS' records, an account (No. 1EM396) was maintained with BLMIS, as set forth on Exhibit A (the "Account"). Upon information and belief, for the Account, a Customer Agreement, an Option Agreement, and/or a Trading Authorization Limited to Purchases and Sales of Securities and Options (collectively, the "Account Agreements") were executed and delivered to BLMIS at BLMIS' headquarters at 885 Third Avenue, New York, New York.

40. The Account Agreements were to be performed in New York, New York through securities trading activities that would take place in New York, New York. The Account was held in New York, New York, and Defendant sent funds to BLMIS and/or to BLMIS' account at JPMorgan Chase & Co., Account #xxxxxxxxxx1703 (the "BLMIS Bank Account") in New York, New York for application to the Account and the purported conducting of trading activities. Between the date the Account was opened and the Filing Date, Defendant made deposits to BLMIS through checks and/or wire transfers into the BLMIS Bank Account and/or received inter-account transfers from other BLMIS accounts.

41. During the six years prior to the Filing Date, BLMIS made transfers (collectively, the "Transfers") to Defendant totaling at least \$2,202,000 in fictitious profits from the Ponzi scheme. The Transfers received by Defendant constitute non-existent profits supposedly earned in the Account, but, in reality, they were other people's money. The Transfers were made to or for the benefit of Defendant and are set forth in Columns 10 and 11 on Exhibit B annexed hereto.

42. The Transfers that are avoidable and recoverable under sections 548(a), 550(a)(1) and 551 of the Bankruptcy Code and applicable provisions of SIPA, particularly SIPA section 78fff-2(c)(3) total at least \$968,000 and are referred to hereafter as the "Two Year Transfers." *See* Exhibit B, Column 10. The Transfers that are avoidable and recoverable under sections 544(b), 550(a)(1) and 551 of the Bankruptcy Code, applicable provisions of SIPA, particularly SIPA section 78fff-2(c)(3), and applicable provisions of N.Y. CPLR 203(g) (McKinney 2001) and DCL sections 273 – 279 (McKinney 2001) total at least \$2,202,000 and are referred to hereafter as the "Six Year Transfers." *See* Exhibit B, Column 11.

43. On information and belief, some or all of the Transfers were subsequently transferred by Defendant to Subsequent Transferee Defendants (collectively, the "Subsequent Transfers").



Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS.

**COUNT TWO**  
**FRAUDULENT TRANSFER – 11 U.S.C. §§ 548(a)(1)(B), 550(a) AND 551**

53. To the extent applicable, the Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

54. Each of the Two Year Transfers was made on or within two years before the Filing Date.

55. Each of the Two Year Transfers constituted a transfer of an interest of BLMIS in property within the meaning of section 101(54) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

56. BLMIS received less than reasonably equivalent value in exchange for each of the Two Year Transfers.

57. At the time of each of the Two Year Transfers, BLMIS was insolvent, or became insolvent as a result of the Two Year Transfers.

58. At the time of each of the Two Year Transfers, BLMIS was engaged in a business or a transaction, or was about to engage in a business or transaction, for which any property remaining with BLMIS was an unreasonably small capital.

59. At the time BLMIS made each of the Two Year Transfers, BLMIS had incurred, was intending to incur, or believed that it would incur debts beyond its ability to pay them as the debts matured.

60. Each of the Two Year Transfers constitutes a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(B) of the Bankruptcy Code and recoverable from the Defendant pursuant to section 550(a) of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA.



61. As a result of the foregoing, pursuant to sections 548(a)(1)(B), 550(a), and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment against Defendant: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS.

**COUNT THREE**  
**FRAUDULENT TRANSFER – NEW YORK DEBTOR AND CREDITOR LAW §§ 276,**  
**278 AND/OR 279, AND 11 U.S.C. §§ 544(b), 550(a) AND 551**

62. To the extent applicable, the Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

63. At all times relevant to the Six Year Transfers, there have been and are one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

64. Each of the Six Year Transfers constituted a conveyance by BLMIS as defined under DCL section 270.

65. Each of the Six Year Transfers was made by BLMIS with the actual intent to hinder, delay or defraud the creditors of BLMIS. BLMIS made each of the Six Year Transfers to or for the benefit of Defendant in furtherance of a fraudulent investment scheme.

66. As a result of the foregoing, pursuant to DCL sections 276, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment against Defendant: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS.

**COUNT FOUR**  
**FRAUDULENT TRANSFER – NEW YORK DEBTOR AND CREDITOR LAW §§ 273**  
**AND 278 AND/OR 279, AND 11 U.S.C. §§ 544(b), 550(a) AND 551**

67. To the extent applicable, the Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

68. At all times relevant to the Six Year Transfers, there have been and are one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

69. Each of the Six Year Transfers constituted a conveyance by BLMIS as defined under DCL section 270.

70. BLMIS did not receive fair consideration for any of the Six Year Transfers.

71. BLMIS was insolvent, or became insolvent as a result of the Six Year Transfers.

72. As a result of the foregoing, pursuant to DCL sections 273, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment against Defendant: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS.

**COUNT FIVE**  
**FRAUDULENT TRANSFER – NEW YORK DEBTOR AND CREDITOR LAW §§ 274,**  
**278 AND/OR 279, AND 11 U.S.C. §§ 544(b), 550(a), AND 551**

73. To the extent applicable, the Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

74. At all times relevant to the Six Year Transfers, there have been and are one or more creditors who have held and still hold matured or unmatured unsecured claims against





the Subsequent Transfers be set aside, and (c) recovering the Subsequent Transfers, or the value thereof, from Subsequent Transferee Defendants for the benefit of the estate of BLMIS.

**WHEREFORE**, the Trustee respectfully requests that this Court enter judgment in favor of the Trustee and against Defendant as follows:

i. On the First Claim for Relief, pursuant to sections 548(a)(1)(A), 550(a) and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS;

ii. On the Second Claim for Relief, pursuant to sections 548(a)(1)(B), 550(a) and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS;

iii. On the Third Claim for Relief, pursuant to DCL sections 276, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS;

iv. On the Fourth Claim for Relief, pursuant to DCL sections 273, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS;

v. On the Fifth Claim for Relief, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Six Year Transfers, (b) directing the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS;

vi. On the Sixth Claim for Relief, pursuant to DCL sections 275, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Defendant for the benefit of the estate of BLMIS;

vii. On the Seventh Claim for Relief as a result of the avoidance of the within Transfers, pursuant to DCL section 278 and/or 279, sections 544(b), 548, 550(a) and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Subsequent Transfers; (b) directing that the Subsequent Transfers be set aside; and (c) recovering the Subsequent Transfers, or the value thereof, from Subsequent Transferee Defendants for the benefit of the estate of BLMIS;

viii. On all Claims for Relief, pursuant to federal common law and N.Y. CPLR 5001 and 5004 awarding the Trustee prejudgment interest from the date on which the Transfers were received;

ix. On all Claims for Relief, establishment of a constructive trust over the proceeds of the transfers in favor of the Trustee for the benefit of BLMIS' estate;

x. On all Claims for Relief, assignment of Defendant's income tax refunds from the United States, state and local governments paid on fictitious profits during the course of the scheme;

xi. On all Claims for Relief, awarding the Trustee all applicable interest, costs, and disbursements of this action; and

xii. On all Claims for Relief, granting Plaintiff such other, further, and different relief as the Court deems just, proper, and equitable.

Date: November 12, 2010  
New York, New York

Of Counsel:

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*Attorneys for Irving H. Picard, Trustee for the  
Substantively Consolidated SIPA Liquidation  
of Bernard L. Madoff Investment Securities  
LLC and Bernard L. Madoff*

BLMIS Account Name	BLMIS Account Number
B & F PALMER LP BOYER H PALMER GENERAL PARTNER	1EM396



Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
		<u>Transaction Amount</u>								
<u>Date</u>	<u>Transaction Description</u>	<u>Reported in Customer Statement</u>	<u>Cash Deposits</u>	<u>Cash Withdrawals</u>	<u>Transfers of Principal In</u>	<u>Transfers of Principal Out</u>	<u>Balance of Principal</u>	<u>90-Day Preferential Transfers</u>	<u>2-Year Fraudulent Transfers</u>	<u>6-Year Fraudulent Conveances</u>
1/26/1999	TRANS FROM 1EM14530	3,000,000 <sup>[1]</sup>	-	-	620,557	-	620,557	-	-	-
1/27/1999	CHECK	(10,000)	-	(10,000)	-	-	610,557	-	-	-
4/5/1999	CHECK	(75,000)	-	(75,000)	-	-	535,557	-	-	-
5/6/1999	CHECK	(5,000)	-	(5,000)	-	-	530,557	-	-	-
6/3/1999	CHECK	(75,000)	-	(75,000)	-	-	455,557	-	-	-
7/21/1999	CHECK	(35,000)	-	(35,000)	-	-	420,557	-	-	-
9/8/1999	CHECK	(60,000)	-	(60,000)	-	-	360,557	-	-	-
12/3/1999	CHECK	(75,000)	-	(75,000)	-	-	285,557	-	-	-
4/7/2000	CHECK	(85,000)	-	(85,000)	-	-	200,557	-	-	-
4/11/2000	CHECK	(9,000)	-	(9,000)	-	-	191,557	-	-	-
6/5/2000	CHECK	(90,000)	-	(90,000)	-	-	101,557	-	-	-
9/1/2000	CHECK	(95,000)	-	(95,000)	-	-	6,557	-	-	-
12/14/2000	CHECK	(50,000)	-	(50,000)	-	-	(43,443)	-	-	-
4/9/2001	CHECK	(120,000)	-	(120,000)	-	-	(163,443)	-	-	-
4/25/2001	CHECK WIRE	700,000	700,000	-	-	-	536,557	-	-	-
6/14/2001	CHECK	(100,000)	-	(100,000)	-	-	436,557	-	-	-
9/5/2001	CHECK	(330,000)	-	(330,000)	-	-	106,557	-	-	-
9/7/2001	CHECK	(330,000)	-	(330,000)	-	-	(223,443)	-	-	-
9/14/2001	CXL A/O 9/7/01	330,000	-	330,000	-	-	106,557	-	-	-
12/6/2001	CHECK	(175,000)	-	(175,000)	-	-	(68,443)	-	-	-
4/10/2002	CHECK	(25,000)	-	(25,000)	-	-	(93,443)	-	-	-
5/22/2002	CHECK	(100,000)	-	(100,000)	-	-	(193,443)	-	-	-
8/1/2002	CHECK	(70,000)	-	(70,000)	-	-	(263,443)	-	-	-
9/6/2002	CHECK	(130,000)	-	(130,000)	-	-	(393,443)	-	-	-
10/15/2002	CHECK	(10,000)	-	(10,000)	-	-	(403,443)	-	-	-
11/27/2002	CHECK	(100,000)	-	(100,000)	-	-	(503,443)	-	-	-
2/19/2003	CHECK	(10,000)	-	(10,000)	-	-	(513,443)	-	-	(10,000)
5/12/2003	CHECK	(10,000)	-	(10,000)	-	-	(523,443)	-	-	(10,000)
6/10/2003	CHECK	(95,000)	-	(95,000)	-	-	(618,443)	-	-	(95,000)
9/2/2003	CHECK	(100,000)	-	(100,000)	-	-	(718,443)	-	-	(100,000)
12/8/2003	CHECK	(65,000)	-	(65,000)	-	-	(783,443)	-	-	(65,000)
3/23/2004	CHECK	(50,000)	-	(50,000)	-	-	(833,443)	-	-	(50,000)
6/10/2004	CHECK	(120,000)	-	(120,000)	-	-	(953,443)	-	-	(120,000)
9/3/2004	CHECK	(120,000)	-	(120,000)	-	-	(1,073,443)	-	-	(120,000)
12/10/2004	CHECK	(35,000)	-	(35,000)	-	-	(1,108,443)	-	-	(35,000)
4/1/2005	CHECK	(70,000)	-	(70,000)	-	-	(1,178,443)	-	-	(70,000)
6/9/2005	CHECK	(70,000)	-	(70,000)	-	-	(1,248,443)	-	-	(70,000)
8/18/2005	CHECK	(70,000)	-	(70,000)	-	-	(1,318,443)	-	-	(70,000)
9/27/2005	CHECK	200,000	200,000	-	-	-	(1,118,443)	-	-	-
12/2/2005	CHECK	(50,000)	-	(50,000)	-	-	(1,168,443)	-	-	(50,000)
12/16/2005	CHECK	(50,000)	-	(50,000)	-	-	(1,218,443)	-	-	(50,000)
3/23/2006	CHECK	(60,000)	-	(60,000)	-	-	(1,278,443)	-	-	(60,000)
5/24/2006	CHECK	(60,000)	-	(60,000)	-	-	(1,338,443)	-	-	(60,000)
9/12/2006	CHECK	(70,000)	-	(70,000)	-	-	(1,408,443)	-	-	(70,000)
11/22/2006	CHECK	(129,000)	-	(129,000)	-	-	(1,537,443)	-	-	(129,000)
12/14/2006	CHECK	(245,000)	-	(245,000)	-	-	(1,782,443)	-	(245,000)	(245,000)
3/29/2007	CHECK	(74,000)	-	(74,000)	-	-	(1,856,443)	-	(74,000)	(74,000)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
		<u>Transaction Amount</u>								
	<u>Transaction</u>	<u>Reported in</u>	<u>Cash</u>	<u>Cash</u>	<u>Transfers of</u>	<u>Transfers of</u>	<u>Balance of</u>	<u>90-Day</u>	<u>2-Year</u>	<u>6-Year</u>
<u>Date</u>	<u>Description</u>	<u>Customer Statement</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Principal In</u>	<u>Principal Out</u>	<u>Principal</u>	<u>Preferential</u>	<u>Fraudulent</u>	<u>Fraudulent</u>
								<u>Transfers</u>	<u>Transfers</u>	<u>Conveyances</u>
4/12/2007	CHECK	(500,000)	-	(500,000)	-	-	(2,356,443)	-	(500,000)	(500,000)
6/1/2007	CHECK	(74,000)	-	(74,000)	-	-	(2,430,443)	-	(74,000)	(74,000)
9/12/2007	CHECK	(75,000)	-	(75,000)	-	-	(2,505,443)	-	(75,000)	(75,000)
9/14/2007	TRANS TO 1EM48930	(93,545) <sup>[2]</sup>	-	-	-	-	(2,505,443)	-	-	-
9/14/2007	TRANS TO 1EM49130	(872,676) <sup>[2]</sup>	-	-	-	-	(2,505,443)	-	-	-
9/14/2007	TRANS TO 1EM49230	(872,676) <sup>[2]</sup>	-	-	-	-	(2,505,443)	-	-	-
9/14/2007	TRANS TO 1EM48830	(153,036) <sup>[2]</sup>	-	-	-	-	(2,505,443)	-	-	-
9/14/2007	TRANS TO 1EM49330	(766,002) <sup>[2]</sup>	-	-	-	-	(2,505,443)	-	-	-
9/14/2007	TRANS TO 1EM49030	(872,676) <sup>[2]</sup>	-	-	-	-	(2,505,443)	-	-	-
9/14/2007	TRANS TO 1EM49430	(472,238) <sup>[2]</sup>	-	-	-	-	(2,505,443)	-	-	-
	<b>Total:</b>		<b>\$ 900,000</b>	<b>\$ (4,026,000)</b>	<b>\$ 620,557</b>	<b>\$ -</b>	<b>\$ (2,505,443)</b>	<b>\$ -</b>	<b>\$ (968,000)</b>	<b>\$ (2,202,000)</b>

<sup>[1]</sup> Although BLMIS statements reflect that a larger transfer was made into the account on this date, a portion of the "transferred" funds consisted of fictitious profits which were never achieved and thus could not have been transferred. Accordingly, only the principal remaining in the originating account was transferred into this account on this date.

<sup>[2]</sup> Although BLMIS statements reflect that funds were transferred out of this account on this date, these funds consisted entirely of fictitious profits which were never achieved and thus no funds were actually transferred out of the account on this date. Accordingly, the account balance has remained unchanged.